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SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: KNNP ETTC ENRG EPET SP

SUBJECT: SPAIN: MFA SUPPORTIVE OF SHELL/REPSOL FRAMEWORK

AGREEMENT ON IRAN LNG PROJECT

REF: SECSTATE 204528

¶1. (U) We delivered reftel demarche to Repsol YPF's Director General for the Eastern Hemisphere and Orient Mario B. Rosso, as well as to Alberto Moreno Humet, Deputy Director of the Near East, Ministry of Foreign Affairs and Cooperation.

¶2. (SBU) Moreno expressed doubt that this issue would gain any traction within the GOS, in part due to the positive financial impact that this project could have on Spain's dominant petroleum company and former government-owned monopoly.

¶3. (U) Rosso has not been available for comment on this matter. We will forward his response should it be forthcoming.

¶4. (SBU) Comment: We anticipate that the potential financial gains from this project will be the driving factor in Spanish policy in Iran. Additionally, permitting the continuation of this project tracks with the GOS impression that Iran cannot be coerced into a certain type of behavior, but rather can be managed through stronger political and economic links.

ARGYROS